

**USAID Financial Sector Training
for Economic Growth Officers**

**December 18 to 20, 2002
Arlington, VA**

Workshop Objectives:

The broad training goal is to create a common and shared technical knowledge base in the area of financial sector development for all Economic Growth Officers, to strengthen the sense of community among the three EG backstops, and to improve information sharing and networking.

The two and half-day in-depth Financial Sector course will provide an overview of financial sector development and discuss why the financial sector is important to economic growth. It includes sessions on the infrastructure of the financial sector, including sessions on banking, capital markets, pension, insurance, and other financial institutions, and the move towards a more integrated approach to financial sector reform. The course will also discuss the tools and instruments available to Economic Growth officers designing and managing financial sector reform programs, and lessons learned from USAID's experience in managing financial sector reform activities to date.

Teaching Approach:

The workshop will use a mix of case studies, panel session comprised of specialists from within and outside USAID, guided exercises, presentations and discussions.

Length: 2.5 Days

DAY 1: Wednesday, December 18, PM

13:30-13:45 OPENING AND INTRODUCTIONS (*Mitzi Likar, USAID*)

MODULE 1: FINANCIAL SECTOR OVERVIEW

Objective: *To (a) provide an overview of financial sector development; (b) discuss the role of financial market participation impact on economic growth.*

13:45-14:30 PRESENTATION: How do you Develop Confidence in the Financial Sector
(*Jean Lange, USAID*)

- Why is the Financial Sector So Important to Economic Growth
- Trust – What is Means and Why It Is Important
- Developing an Appropriate Incentive Structure
- Role as Intermediary – Quantifying the Risk / Reward Trade-Off

- 14:30-15:30 PRESENTATION: What Makes a System Work? (*Nate Dickerson, DKG*)
- What is the Chain of Development - History & Structure of the US Market
 - What are the Infrastructure Pieces that Make the US System Work?
 - US vs. Other Systems – The Role of Governance
 - What is Applicable in the Developing Country Context
- 15:30-15:45 BREAK
- 15:45-16:15 PRESENTATION: International Capital Flows (*Nate Dickerson, DKG*)
- The 1997-1998 Crisis
 - ST Capital Flows – the Positives and Negatives
 - Trends and Why They Matter
- 16:15-17:00 PRESENTATION: The Impact of Legal And Institutional Reform on the Financial Sector (*Nate Dickerson, DKG*)
- Looking at the Legal and Institutional Environment
 - The Role of Standards & Codes
 - Regulation, Supervision, Inspection, and Enforcement
 - The Independence of Regulators
 - Central Banks – Structure & Function
 - Other Key Regulators – Super-Regulator vs. Individual Regulators
 - SROs

DAY 2: Thursday, December 19

MODULE 2: FINANCIAL SECTOR INFRASTRUCTURE (*Leslie Flinn, IBM*)

Objective: To promote an understanding of the financial sector framework within a country.

- 9:00-9:45 PRESENTATION: Financial Sector Definitions
- Debt vs. Equity
 - Instruments and Institutions

MODULE 3: BANKING (*Chris Barltrop, USAID*)

Objective: To provide an overview of banking institutions and synergies between those institutions and development.

- 9:45-10:00 PRESENTATION: What Constitutes a Bank?
- 10:00-10:30 PRESENTATION: Market Structure
- Intermediation
 - Structure of the Payment System
 - Types Of Banking Institutions
- 10:30-10:45 BREAK
- 10:45-11:15 PRESENTATION: Developing New Products & Services
- 11:15-11:45 PRESENTATION: Foreign Involvement in Banking Development
- The Role of IFIs, including Donor Credit Lines
 - Role of Foreign Banks in FS Development
 - Mortgage Banking

MODULE 4: DEEPENING THE FINANCIAL SECTOR (*Liza Valenzuela, USAID*)

Objective: To (a) provide an overview of the range of financial institutions playing a role in development; (b) discuss the potential role of USAID in developing these institutions.

- 11:45-12:45 PRESENTATION: Deepening the Financial Sector
- Microfinance and its Role in Financial Sector Development
 - Coops, Credit Unions, Building Societies and DFIs
 - Leasing & Finance Companies
- 12:45-13:45 LUNCH (The Gallery)

MODULE 5: FINANCIAL MARKETS (*Constantin Abarbieritei, IBM*)

Objective: To provide an overview of the financial markets and to discuss the role of financial market participation impact on economic growth.

- 13:45-14:30 PRESENTATION: Financial Market Overview
- Bank-based and market-based financial systems
 - Non-Bank Financial Intermediation
- 14:30-15:30 PRESENTATION: Challenges and Trends
- Challenges for Financial Markets Activities in Developing Countries
 - Global Trends in Financial Markets – Impact on Developing Countries
- 15:30-15:45 BREAK
- 15:45-17:00 PRESENTATION: USAID Assistance in Financial Markets
- Sequencing Reforms
 - “Early Stages” Markets and “Later Stages” Markets
 - Financial Market Reform Going Forward: Interventions/Projects

DAY 3: Friday, December 20

(** Please note, on Friday training will be held in Judiciary Hall Room)

9:00-10:15 CASE STUDY – Developing a Stronger Financial Sector (*Leslie Flinn, IBM*)

10:15-10:30 BREAK

MODULE 6: PENSION (*Denise Lamaute, USAID; Marlyn Zelkowitz, IBM*)

Objective: To provide an overview of pension system development and its role in economic growth.

10:30-11:00 PRESENTATION: Market Structure

11:00-11:45 PRESENTATION: Role in Financial Market Development

11:45-12:30 PRESENTATION: Moving Beyond Pension Reform

12:30-13:30 LUNCH (Senate Salon C)

MODULE 7: PROBLEM FINANCIAL INSTITUTION RESOLUTION (*David Cooke and Jack Biggs, BearingPoint*)

Objective: To provide (a) an overview of the importance of problem institution resolution, (b) recommendations on building optimal resolution procedures and processes, and (c) an understanding of curative and preventative resolution features.

13:30-14:15 PRESENTATION: Problem Financial Institution Resolution

- Definition and Importance to Financial Sector Development & Economic Growth
- Building the Institutional Capacity for Effective Problem Institution Resolution
- Curative Solutions: Resolving Troubled Institutions - Strategies and Key Considerations
- Preventative Solutions: System Components, Key Players, and Preconditions

MODULE 8: USAID FINANCIAL SECTOR TOOLS & INSTITUTIONS

Objective: To discuss tools and instruments available to USAID EGAT officers designing and managing financial sector programs.

14:15-15:15 PANEL DISCUSSION: DCA, Enterprise Funds & SEAF, Contract Vehicles (SEGIR, MOBIS, FDIC, FSVC, AMAP, etc.)

- Panel composed of: John Carihfield, Kate McKee, John Wasielewski, USAID; Sal Pappalardo, FSVC

15:15-15:30 BREAK

MODULE 9: RETHINKING USAID's ROLE IN FINANCIAL SECTOR DEVELOPMENT (*Ann Richards*)

Objective: To support application of specific ideas from recent financial sector development thinking to project design, implementation, and evaluation.

15:30-16:00 PRESENTATION: Performing a Sector Diagnostic

16:00-16:45 PRESENTATION: Lessons Learned

- Training Programs
- IAS
- The Role of the Grey Economy

16:45-17:00 DISCUSSION/QUESTION AND ANSWERS: What This All Means!